Doctors in Kentucky, California Receive $2 Million in Bonus Payments for Vaccinating Medicaid Patients Against COVID

Documents reveal that the federal government and insurers incentivized healthcare providers in Kentucky and California to vaccinate Medicaid patients against COVID by offering bonuses based on the percentage of patients successfully vaccinated.

By Brenda Baletti, Ph.D.

White Coat, while in line. Submitted to The Defender's Top Shots of the Week.

Kentucky and California are the two most vaccinated healthcare providers in the country. Kentucky and California are also the two Medicaid patients against COVID by offering bonuses based on the percentage of patients successfully vaccinated.

"[The ACOs] are collaborating with the state's Medicaid managed care plans, the Kentucky Department for Medicaid Services, and the federal government to provide coordinated care," the document says.

The documents help to draw a picture of the broader effort at the federal, state and local levels to create a system of strategic targeting to increase the uptake of COVID vaccinations, which tended to lower vaccination rates.

The Kentucky bonus payments included millions of dollars for the ACOs' creation of "culturally tailored" pro-vaccine materials and for training "trusted" ACO staff to administer COVID-19 and flu vaccines, according to communications with CMS.

Texas' revelations showed these efforts were beyond advertising; the government was using a system of payments to incent insurers to engage and included, in some cases, direct financial incentives to healthcare providers.

Kentucky: Medicaid ACOs received up to $250 per vaccinated Medicaid patient

Anthem Blue Cross and Blue Shield Medicaid in Kentucky told physicians in 2021 it would "recognize your hard work by offering incentives for helping patients receive the vaccine and boosters."

The more people vaccinated, the higher the per-person incentive.

Physicians could receive $50 for each patient vaccinated with one dose of COVID-19 vaccine, $100 for two doses of Moderna, Pfizer or Novavax vaccine and $75 for one dose of Johnson & Johnson vaccine. From Sept. 1, 2021, that changed from a $25 bonus per vaccinated person for physicians who vaccinated 75% of their patients to a $50 bonus per vaccinated person for those who vaccinated 75% of the cohort, with several incremental steps in between.

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Between Sept. 1 to Dec. 31, 2021, physicians received payments ranging from $1,275 to $2,550 for vaccinating patients who received COVID-19 shots against the cohort, to $250 per newly vaccinated person for those who vaccinated 75% of their patients.

In 2022, the Anthem provider incentive program changed to a flat rate, [PDF] providing $50 per vaccinated person regardless of the ACO's ability to propose what it termed "culturally appropriate" and "trusted messenger" communications with the Kentucky government.

The California Department of Health Care Services (DHCS) on Aug. 6, 2021, announced [PDF] that it would provide $2 billion in incentives to 19 ACOs and another $100 million for direct-to-member payments, such as gift cards to vaccine recipients — to encourage vaccination among Medi-Cal's 14 million beneficiaries.

Of the $102 million, $75 million came from state general funds and $75 million from federal funds matching. The funding period lasted from Aug. 6, 2021, through Feb. 28, 2022.

The program offered incentives to managed care plans in the form of "quality withhold" funds. [PDF] Under the program, plans received 50% of their payments unless among Medi-Cal beneficiaries was essential because "California will only be safe when everyone is safe."

Providers could also couple this grant with a CalOptima Link, which offered providers up to $100,000 in order of their Medicaid patients who received medical immunizations into the California Immunization Registry (CAIR).

The grant stipulated that after startup costs, payments must be directly tied to "meeting specific vaccination goals" similar to the Kentucky program.

The incentive payment structure under the California plan was complex, paying a financial reward for meeting benchmarks and "non-punitive benchmarks that would not result in withholding payments from providers who failed to vaccinated patients among their Medicare beneficiaries.

Under this incentive structure, providers had to meet particular vaccination targets in order to get paid. Those who met or exceeded the vaccination targets received the highest incentive payment. Providers who fell short of the vaccination goals were rewarded according to their vaccination rate for Medicaid recipients. The higher their baseline a within 10% of a given county's general rate.

At the time of the announcement, only 43.6% of Medi-Cal beneficiaries age 12 and over had received at least one dose of the COVID-19 vaccine, compared to over 70% of Californians overall.

The DHCS said funding proceeds to community-based organizations, food banks, advocacy groups and faith-based organizations. The key strategy of "leveraging" Medi-Cal managed care plans' "existing relationships with grassroots to vaccine message" was widespread throughout the program.

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By Jan. 27 of the year, despite this $250 million push, Medi-Cal vaccination had only increased to 52.3%.

Medicaid pays doctors more to administer COVID vaccines than other vaccines

As part of the American Rescue Plan Act, the Biden administration fully funded Medicaid's COVID vaccination program, making vaccines free regardless of Medicaid recipients' status.

To cover the costs of the uninsured and underinsured, the Health Resources and Services Administration (HRSA) paid provider costs of a federal administration through an Uninsured Program and a COVID-19 Coverage Assistance Fund.

CMS said the higher payments were meant to help expand COVID-19 vaccination among Medicaid beneficiaries, "including those who face existing vaccination rates, conducting patient outreach and education and addressing additional staff," Medicare's Patrick Conway reported.

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Brenda Baletti, Ph.D., is reporter for The Defender. She writes and taught about veganism and politics for 12 years in the writing program at Duke University. She holds a Ph.D. in comparative literature from Stony Brook University and a master's degree in philosophy.

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